

Message Text

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ACTION ARA-10

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-04 H-01 INR-07
L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 FEA-01 ERDA-05 AID-05 CEA-01 COME-00
EB-08 FPC-01 INT-05 OMB-01 OES-06 STR-04 TRSE-00
ACDA-07 AGRE-00 MCT-01 SIL-01 LAB-04 /106 W
-----070224Z 087468 /66

R 061644Z APR 77
FM AMEMBASSY CARACAS
TO SECSTATE WASHDC 7204
INFO AMEMBASSY BOGOTA
AMEMBASSY LA PAZ
AMEMBASSY LIMA
AMEMBASSY PORT OF SPAIN
AMEMBASSY QUITO
USCINCSO QUARRY HEIGHTS
USCINCLANT NORFOLK VA

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E.O. 11652: N/A
TAGS: ECIN, ENRG, EAGR, PINT, PINS, VE
SUBJECT: THIS WEEK IN VENEZUELA

REF: CARACAS 3232 (NOTAL)

SUMMARY. PETROLEUM INDUSTRY PRODUCTION AND EXPLORATION
POLICY FIXED FOR 1977. GOV SEEKS ACTION ON ANDEAN COMMUNITY
AUTO PRODUCTION ASSIGNMENTS. AD AGRICULTURAL POLICIES RAKED
BY COPEL. WEALTHY ZULIA RANCHER STILL MISSING. NO DAMAGE TO
ALCASA ALUMINUM PLANT. CARACAS EMPTIES FOR HOLY WEEK. END SUMMARY.

1. 1977 PRODUCTION AND EXPLORATION POLICY FIXED FOR PETROLEUM
INDUSTRY. THE MINISTRY OF ENERGY AND MINES HAS INSTRUCTED THE
NATIONALIZED PETROLEUM INDUSTRY TO MAINTAIN 1977 PRODUCTION AT
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AN AVERAGE DAILY RATE OF 2.2 MILLION BARRELS, PLUS OR
MINUS 2 PERCENT. THE 1976 AVERAGE RATE WAS ALMOST 2.3
MILLION. THE PROPORTION OF HEAVY CRUDE OIL PRODUCED
WITHIN THIS LIMIT WILL BE GRADUALLY INCREASED. WITH A
GOAL OF RAISING THE NATION'S PRODUCTIVE CAPACITY TO 2.8
MILLION BARRELS PER DAY IN 1978, INCREASED EMPHASIS IS TO
BE GIVEN TO THE REWORKING OF INACTIVE WELLS AND SECONDARY

RECOVERY PROJECTS. WITH RESPECT TO EXPLORATION, THE OPERATING COMPANIES ARE TO GIVE SPECIAL ATTENTION TO THE RE-EVALUATION OF POTENTIAL RESOURCES IN BORDER AREAS TO PROVIDE A BASIS FOR POSSIBLE ADDITIONAL EXPLORATION ACTIVITIES IN THESE AREAS.

COMMENT: THERE IS A POTENTIAL FOR OIL IN THE OFFSHORE AREAS OF THE GULF OF VENEZUELA, BORDERED BY COLOMBIA, AND IN THOSE TO THE SOUTH AND WEST OF TRINIDAD. UNTIL NOW, AT LEAST, VENEZUELA HAS AVOIDED EXPLORATORY DRILLING IN THE GULF, PENDING RESOLUTION OF ITS BOUNDARY DISPUTE WITH COLOMBIA.

2. DEVELOPMENT MINISTER SEEKS ACTION ON ANDEAN COMMUNITY AUTO PRODUCTION ASSIGNMENTS. ACCORDING TO REPORTS ORIGINATING WITH THE DEVELOPMENT MINISTRY, THE GOV HAS WARNED THE ANDEAN PACT JUNTA THAT UNLESS AN ACCEPTABLE SUB-REGIONAL POLICY ON AUTOMOBILE PRODUCTION ASSIGNMENTS IS DEVELOPED BY JUNE, VENEZUELA MAY HAVE TO GO ITS OWN WAY. COMPLAINING THAT DECISIONS NECESSARY TO THE GROWTH OF VENEZUELA'S IMPORTANT AUTO INDUSTRY HAVE BEEN DELAYED PENDING DEVELOPMENT OF AN ANCOM AUTO POLICY, DEVELOPMENT MINISTER LUIS ALVAREZ DOMINQUEZ REPORTEDLY URGED JUNTA REPRESENTATIVES

IN LIMA LAST WEEK NOT TO DELAY ANY LONGER OR VENEZUELA MAY BE FORCED TO MAKE INVESTMENT DECISIONS BASED ON NATIONAL CONSIDERATIONS ALONE.

COMMENT: VENEZUELA'S IMPATIENCE WITH ITS PACT PARTNERS IS UNDERSTANDABLE. THE FUTURE OF THE AUTO INDUSTRY, ONE OF LIMITED OFFICIAL USE

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THE COUNTRY'S LARGEST EMPLOYERS, IS CLOUDED, IN PART, BECAUSE OF THE GOV'S INABILITY TO RECONCILE ITS GOALS FOR THE INDUSTRY AND ITS COMMITMENTS TO THE ANDEAN SUB-REGIONAL GROUP.

3. AD MANAGEMENT OF AGRICULTURE STUNG BY COPEI. THE UNPRECEDENTED RESIGNATION APRIL 4 OF TEN AGRICULTURE MINISTRY INVESTIGATORS ADDED FUEL TO THE MOUNTING CRITICISM OF AD FARM POLICY. THE DISAFFECTED INVESTIGATORS HAVE ACCUSED MINISTER CARMELO CONTRERAS OF IGNORING NEEDED REFORMS AND ARE DEMANDING HIGHER WAGES AND A BIGGER BUDGET. ADDING TO AD'S DISCOMFITURE ARE THE POTSHOTS TAKEN BY COPEI DEPUTY LEONARDO FERRER OVER THE PAST SEVERAL MONTHS. FERRER HAS CHARGED NEPOTISM AND INCOMPETENCE IN THE ADMINISTRATION OF THE AGRICULTURAL DEVELOPMENT FUND, MAINTAINING THAT POOR MANAGEMENT AND POLITICALLY INFLUENCED LOANS ARE THE MAJOR CAUSES OF THE DEFICIENCY IN THE AGRICULTURAL SECTOR. SINCE AGRICULTURAL IMPORTS HAVE BEEN INCREASING AND SINCE APPARENTLY NO REGISTRY OF THE BORROWED FUNDS HAS BEEN KEPT, FERRER'S CRITICISM HAS PROMPTED A SERIES OF HUFFY BUT

FECKLESS DENIALS FROM THE GOVERNMENT AND RESPONSIBLE BANKS. AS ONE MEMBER OF THE BELEAGUERED FUND PUT IT, VENEZUELAN AGRICULTURE HAS BUT TWO PROBLEMS: RATS AND DEPUTY FERRER.

4. POLICE SEARCH IN VAIN FOR NELSON MACHADO. AFTER TWO WEEKS OF SEARCHING, POLICE HAVE BEEN UNABLE TO LOCATE KIDNAPPED RANCHER NELSON MACHADO LUGO. SOON AFTER THE MARCH 23 ABDUCTION, MACHADO WAS FORCED TO SEND HIS FATHER A RANSOM NOTE FOR BS. 8 MILLION. THERE HAS BEEN NO FURTHER CONTACT WITH THE KIDNAPPERS. SPECULATION IS THAT MACHADO WAS KIDNAPPED BY COLOMBIAN BANDITS WHO TOOK HIM ACROSS THE BORDER. THE CASE HAS BECOME A CAUSE CELEBRE IN WESTERN VENEZUELA NOT SOLELY BECAUSE OF THE SENIOR MACHADO'S POWERFUL FINANCIAL AND POLITICAL STATURE IN THE AREA BUT ALSO BECAUSE IT IS THE FOURTH KIDNAPPING OF A RANCHER FROM THAT UNPROTECTED BORDER AREA IN THE PAST TWO YEARS.
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REPRESENTATIVES OF ZULIA'S 12,000 RANCHERS IN A RECENT MEETING WITH PRESIDENT PEREZ DEMANDED GREATER SECURITY MEASURES IN THE AREA.

5. NO DAMAGE TO ALUMINUM PLANT. THE WILDCAT STRIKE AT THE ALCASA ALUMINUM PLANT IN CIUDAD GUAYANA REPORTED IN CARACAS 3232 RESULTED IN NO DAMAGE TO THE PLANT. STRIKES OF THIS SORT ARE ENDEMIC IN THE CIUDAD GUAYANA REGION NOTED FOR THE MOST VOLATILE LABOR-MANAGEMENT ENVIRONMENT IN VENEZUELA. THIS IS CAUSED BY AN UNSTABLE LABOR FORCE, INEXPERIENCED UNION LEADERSHIP, INEFFECTIVE MANAGEMENT AND HEAVY LEFTIST AND ANARCHIST UNION INFILTRATION.

6. CARACAS EMPTIES FOR HOLY WEEK. BEGINNING LAST WEEKEND CARACAS RESIDENTS HAVE BEEN SWARMING OUT OF THE CITY TO THE BEACHES, THE ANDES, AND NEARBY ISLANDS IN CELEBRATION OF HOLY WEEK, BRINGING NORMAL BUSINESS TO A VIRTUAL STANDSTILL. ALL GOVERNMENT OFFICES AND BUSINESSES WILL BE CLOSED APRIL 7 AND 8 IN OBSERVANCE OF THE RELIGIOUS HOLIDAY.

7. OTHER REPORTING THIS WEEK INCLUDED A SELA MINISTERIAL MEETING MARCH 22-24.
VAKY

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Message Attributes

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Date: 22 May 2009
Disposition Event:
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